



General Assembly

Substitute Bill No. 650

January Session, 2005

* SB00650JUD__051005__ *

**AN ACT REQUIRING CONSUMER CREDIT BUREAUS TO OFFER
SECURITY FREEZES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective from passage*) As used in this section and
2 section 2 of this act:

3 (1) "Consumer" means consumer, as defined in section 36a-695 of
4 the general statutes;

5 (2) "Credit rating agency" means credit rating agency, as defined in
6 section 36a-695 of the general statutes;

7 (3) "Credit report" means credit report, as defined in section 36a-695
8 of the general statutes;

9 (4) "Creditor" means creditor, as defined in section 36a-695 of the
10 general statutes; and

11 (5) "Security freeze" means a notice placed in a consumer's credit
12 report, at the request of the consumer that prohibits the credit rating
13 agency from releasing the consumer's credit report or any information
14 from it without the express authorization of the consumer.

15 Sec. 2. (NEW) (*Effective from passage*) (a) Any consumer may submit
16 a written request, by certified mail or such other secure method as

17 authorized by a credit rating agency, to a credit rating agency to place
18 a security freeze on such consumer's credit report. Such credit rating
19 agency shall place a security freeze on a consumer's credit report not
20 later than five business days after receipt of such request from a
21 consumer if such request is accompanied by a case number issued by a
22 police department, and not later than fifteen days after receipt of such
23 request if such request is not accompanied by a case number issued by
24 a police department. Not later than ten business days after placing a
25 security freeze on a consumer's credit report, such credit rating agency
26 shall send a written confirmation of such security freeze to such
27 consumer that provides the consumer with a unique personal
28 identification number or password to be used by the consumer when
29 providing authorization for the release of such consumer's report to a
30 third party.

31 (b) In the event such consumer wishes to authorize the disclosure of
32 such consumer's credit report to a third party, or for a period of time,
33 while such security freeze is in effect, such consumer shall contact such
34 credit rating agency and provide: (1) Proper identification, (2) the
35 unique personal identification number or password described in
36 subsection (a) of this section, and (3) information regarding the third
37 party who is to receive the credit report.

38 (c) Any credit rating agency that receives a request from a consumer
39 to temporarily lift a security freeze on a credit report pursuant to
40 subsection (b) of this section shall lift such security freeze not later than
41 three business days after receipt of such request.

42 (d) Any credit rating agency may develop procedures involving the
43 use of telephone, facsimile, the Internet, or other electronic media to
44 receive and process such request from a consumer to temporarily lift a
45 security freeze pursuant to subsection (b) of this section.

46 (e) In the event that a third party requests access to a consumer's
47 credit report that has such a security freeze in place and such third
48 party request is made in connection with an application for credit or

49 any other use and such consumer has not authorized the disclosure of
50 such consumer's credit report to such third party, such third party may
51 deem such credit application as incomplete.

52 (f) Except for the temporary lifting of a security freeze as provided
53 in subsection (c) of this section, any security freeze authorized
54 pursuant to the provisions of this section shall remain in effect until
55 such time as such consumer requests such security freeze to be
56 removed. A credit rating agency shall remove such security freeze not
57 later than three business days after receipt of such request provided
58 such consumer provides proper identification to such credit rating
59 agency and the unique personal identification number or password
60 described in subsection (a) of this section at the time of such request
61 for removal of the security freeze.

62 (g) Any credit rating agency may decline to implement or may
63 rescind such security freeze request if such agency believes, in good
64 faith, that such request was made as part of a fraud that the consumer
65 participated in, or had knowledge of or can be demonstrated by
66 circumstantial evidence. In the event any such credit rating agency
67 declines to implement or rescinds a security freeze, such credit rating
68 agency shall promptly notify such consumer not later than five days
69 after such refusal.

70 (h) Nothing in this section shall be construed to prohibit disclosure
71 of a consumer's credit report by a credit rating agency to: (1) Any state
72 or local agency, law enforcement agency, court or private collection
73 agency acting pursuant to a court order, warrant or subpoena; (2) any
74 person or such person's subsidiary, affiliate, agent or assignee with
75 which the consumer has or, prior to assignment, had an account,
76 contract or debtor-creditor relationship for the purposes of reviewing
77 the account or collecting the financial obligation owing for the account,
78 contract or debt; (3) a state or municipal agency for the purposes of
79 collecting taxes, collecting child support or investigating fraud or any
80 other violation of the law; and (4) any person for the purposes of : (A)
81 Prescreening, as defined in 15 USC 1681 et seq., (B) administering a

82 credit file monitoring service to which the consumer has subscribed,
83 (C) providing the consumer with a copy of such consumer's credit
84 report upon the consumer's request, or (D) subdivision (2) or (3) of
85 subsection (f) of section 36a-699f of the general statutes.

86 Sec. 3. (NEW) (*Effective October 1, 2005*) As used in this section and
87 section 4 of this act:

88 (1) "Breach of the security of the system" means the unauthorized
89 acquisition of computerized data that contains personal information
90 from any person that maintains such personal information. "Breach of
91 the security of the system" does not include the acquisition, in good
92 faith, of personal information by any employee or agent of a person
93 that maintains such personal information for use by such employee or
94 agent in connection with such employee or agent's duties for such
95 person, provided such personal information is not used for a purpose
96 unrelated to the duties of such employee or agent and is not subject to
97 an unauthorized disclosure by such employee or agent; and

98 (2) "Personal information" means the first name or first initial and
99 the last name of any person in addition to any one, or more, of the
100 following nonencrypted pieces of information for such person: (A)
101 Social Security number; (B) driver's license number; or (C) any
102 financial account number, including a credit or debit card number
103 accompanied by the required security or access code for use of such
104 credit or debit card. "Personal information" does not include any
105 information available to the public from any record maintained by the
106 federal, state or any local government.

107 Sec. 4. (NEW) (*Effective October 1, 2005*) (a) Any person who, in the
108 ordinary course of such person's business, owns, maintains or licenses
109 computerized data that includes personal information shall notify any
110 resident of this state when such resident's nonencrypted personal
111 information has been or is reasonably believed to have been
112 improperly acquired by a third person due to a breach of the security
113 of the system. Such notification shall be made: (1) Either in writing, by

114 electronic mail or, if such breach of the security of the system affects
115 more than one hundred residents of this state, by publication on the
116 web site of such person and by public notification in or on
117 Connecticut-based newspapers, radio and television stations; and (2)
118 not later than fifteen days after such person's discovery of the breach
119 of the security of the system except that such notification may be
120 delayed upon the request of a law enforcement officer in furtherance of
121 a law enforcement investigation of such breach.

122 (b) Failure to provide any notice required by the provisions of
123 subsection (a) of this section shall constitute an unfair or deceptive
124 trade practice for purposes subsection (a) of section 42-110b of the
125 general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	New section
Sec. 2	<i>from passage</i>	New section
Sec. 3	<i>October 1, 2005</i>	New section
Sec. 4	<i>October 1, 2005</i>	New section

GL *Joint Favorable Subst.*

JUD *Joint Favorable*